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Chairperson of the Standing Committee on Public Accounts (SCOPA)
Parliament

Letter of Motivation for SCOPA to place the Strategic Defence Package on the Agenda for Further Discussion

The purpose of this letter of motivation is not to produce conclusive proof or new evidence but rather to motivate why the Democratic Alliance (DA) believes that SCOPA's complete responsibility for investigating the Arms Deal has yet to be fulfilled.

There are now compelling reasons for SCOPA to exercise its responsibilities in this matter. Indeed, in light of recent developments, SCOPA has an obligation to take up the matter.

Background

The matter of the Auditor-General's special review of the Arms Deal selection process (RP161/2000), as well as certain papers, was referred to SCOPA. SCOPA, after considering the special review, tabled a report on 2nd November 2000 (14th report / 30 October 2000) a copy of which is attached as an annexure. This report was adopted by the National Assembly. It is important to note that the concluding comments stated that SCOPA would issue a second as well as a final report on the Arms Deal, as well as complete a few areas of its own investigation. This has not happened.

On Wednesday 14th November 2001, the report of the JIT was referred by the National Assembly to various committees (copy attached) and on 12th of December 2001, SCOPA tabled a report (15th report, 2001). There are a number of important findings and recommendations to be found in this report, for example, paragraphs 3 and 4 in the concluding remarks:

Quote from paragraph 3:

Ongoing criminal investigative work is being conducted by the relevant agencies that will report to Parliament in this regard in terms of their legal mandates and through their normal lines of responsibility.

Quote from paragraph 4:

The Standing Committee on Public Accounts recommends that the National Assembly accept the report of the Joint Investigating Team.

These were the findings and recommendations of SCOPA. We must ask whether SCOPA has followed up on these reports and if not, why not?

It remains SCOPA's responsibility to monitor all aspects of its recommendations regarding the Arms Deal, recommendations of the JIT report, as well as any developments and/ or new information that has or become available since the tabling of the 14th report.

New Developments or Information not followed up by SCOPA

SCOPA has dealt with neither the recommendations nor any of the new developments, which, if pursued, will surely provide new information.

If we are serious about SCOPA's oversight role, then we must engage with the following issues:

1. The establishment of an *ad hoc* committee by the newly elected ANC NEC to probe the Arms Deal. It is unthinkable that Parliament, and therefore SCOPA, should abdicate its responsibility by doing nothing whilst the governing party gathers information about itself and its officials that will not be subjected to public scrutiny.
2. Former ANC SCOPA member, Andrew Feinstein, has made a number of serious allegations of cover-ups and corruption related to the Arms Deal in his recently published book, "After the party". To my knowledge, none of the following allegations have been denied or refuted.

Two quotes will serve as examples:

- An ANC NEC member was alleged to have told Feinstein that "*we [the ANC] received money from some of the winning companies. How do you think we funded the 1999 election?*" (page 177).
- Tony Yengeni is quoted as saying "The ANC, from the President downwards, will now exercise political control over Scopa" (page 194).

The DA believes that these matters should be investigated by SCOPA by calling witnesses to testify.

3. An inspection of the final version of the JIT Report and the comparison of this with the version given to the Cabinet committee for review shows very substantial changes. Yet the Auditor-General, Shauket Fakie, and Public Protector Selby Baqwa testified to SCOPA that there were only format changes for the sake of "user-friendliness". This is allegedly untrue and the extent of these allegations and the truth thereof has never been properly investigated.

4. The fact that SCOPA's 15th report (attached) states that the committee further notes the ongoing criminal investigations that are being conducted and commits itself to monitor the investigations through its ongoing oversight role.

In this regard the committee wishes to draw particular attention to recommendations A, B, C and D (attached). The committee notes in its concluding comments that ongoing criminal investigator's work is being conducted by the relevant agencies that will report to Parliament in this regard in terms of their legal mandates and through their normal lines of accountability. This has yet to happen.

5. Paragraph 14.1.1 of the JIT report found that there were irregularities and improprieties referred to in the findings contained in the JIT report.
6. In paragraph 14.1.17 of the JIT report, it stated clearly that there was a conflict of interest with regard to the position held and the role played by the chief accusations officer of the DOD, Mr S. Shaik, by virtue of his brother's interests in the Thompson group and ADS.
7. In paragraph 14.1.18 of the JIT report, the report further states that, during the course of the investigation, it had been established that the chief of acquisitions, Mr Shaik, had not applied for and did not receive the military security clearances required by law.
8. Furthermore, Andrew Feinstein says in his book that the sub-contracts were not properly investigated in the JIT report and that Armscor instructed prime contractors, which subcontractors they should use and that Chippy Shaik was apparently heavily involved in these subcontracts.

Therefore, it is important that SCOPA finds out why no-one other than Tony Yengeni and Shabir Shaik have thus far been successfully prosecuted. Why has Parliament not been kept informed in terms of these resolutions on a regular basis? Why did the JIT report contain no recommendations in respect of their findings about Mr Shaik?

The JIT report contained recommendations and SCOPA needs to accept or reject and decide to implement and monitor these recommendations.

9. In certain cases, the JIT report contained no recommendations, despite findings of wrongdoing as indicated (e.g.: chapter 11). Such findings without recommendations are valueless and SCOPA needs to explore this matter further.
10. In respect of paragraph 4, it is unbelievable that Parliament, and therefore SCOPA, is not kept informed as to South Africa's official response to requests for assistance from the international community in respect of allegations of corruption in the UK, Germany, Sweden and Switzerland,

relating to South Africa's Arms Deal. Despite SCOPA's resolutions, we remain uninformed and it is time that SCOPA began to actively seek clarity.

11. The public will never accept the Arms Deal until on a balance of probability it can be clearly shown that the acquisition process was free from fraud, corruption and manipulation. Further investigation is necessary to restore the public confidence in the state.
12. The DA also wishes SCOPA to investigate the costs of the Arms Deal, which have exceeded the original budget. The original costs also failed to take into account the costs of ammunition, training of personnel and repairs and operational maintenance. The weapons package has cost the taxpayer far more than was originally planned. SCOPA also needs to investigate the claims that some of the items purchased as part of the package are lying idle and unused.

Conclusion

All of the above issues, I believe, remain SCOPA's mandate and responsibility. If we fail to meet this challenge, we fail South Africa. It is incumbent upon SCOPA to set aside time during the required period before the 2008 annual reports are tabled to call witnesses and to gather evidence with a view to tabling a report and recommendations which set out the way forward.